

ID: CCA\_2011021811045838

Number: **201112019**

Release Date: 3/25/2011

Office:

UILC: 901.01-00

---

**From:**

**Sent:** Friday, February 18, 2011 11:05:02 AM

**To:**

**Cc:**

**Subject:** February 17 Teleconference

As requested in our phone conversation yesterday, please find a summary of our conclusions in your case:

Under Revenue Ruling 70-290, 1970-1 C.B. 160, and International Business Machines Corporation v. U.S. (IBM), 38 Fed. Cl. 661 (1997), where a taxpayer pays taxes to a foreign government and contests its liability for such taxes, the taxpayer is entitled to claim a foreign tax credit for such taxes. As discussed in our teleconference, under the authority of the revenue ruling and IBM, it is our position that the taxpayer is entitled to claim the foreign tax credit for the taxes that were deemed paid with respect to the distribution to the U.S. parent because those taxes have been paid to the foreign country and the taxpayer is contesting its liability for such taxes.